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SUBJECT: UKRAINE: FORMER PM YEKHANUROV ON TYMOSHENKO,
POLICY PRIORITIES, AND HIS FUTURE

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Classified By: Political Counselor Kent Logsdon for reasons 1.4(b,d).

11. (C) Summary. Our Ukraine-People's Self Defense Rada deputy and former Prime Minister Yekhanurov told the Ambassador October 24 that he did not believe Tymoshenko would be a good prime minister, but he will vote for her if that is the decision his bloc makes. He added, however, that his continued membership in the bloc, and perhaps in the Rada, is predicated on the bloc's agreement that any coalition they join should support a list of concrete economic reforms, including land market, anti-corruption, and investment-related laws. Yekhanurov believed Tymoshenko might last one year as Prime Minister, before resigning to run for president while accusing Yushchenko and his allies of preventing her from making good on campaign promises. He also talked about the rifts inside OU-PSD and its main party, People's Union Our Ukraine, saying that when Tymoshenko leaves office, assuming she is confirmed as PM, she will take up to 20 percent of OU with her. He saw problems with Party of Regions as well, believing a stint in the opposition could break up the party. In other coalition-related news, the High Administrative Court continued to hear the case contesting the elections, with a verdict possibly expected by the end of October 25.

12. (C) Comment. Other interlocutors have described Yekhanurov as a proponent of a broad coalition who is plotting with the Presidential Secretariat to betray Tymoshenko. In person, however, Yekhanurov comes across as earnest, principled, and plainspoken, stressing his belief that it is not cooperation with Regions that is necessarily good for Ukraine, but that an unchecked Tymoshenko would be bad for the country. Therefore, he has insisted on her agreeing to very specific reform proposals before his party agree to confirm her. Yekhanurov discussed at length the need for reform to make Ukraine attractive for foreign investment and to support Ukraine's growing small and medium business class. He was at pains to make clear that we should not read too much into his letter to the OU-PSD leadership; it was not written for the public and was instead a call for the party to take itself seriously. End summary and comment.

Tymoshenko or Not, Talks Should Focus on Substance

13. (C) A sincere and straightforward former Prime Minister Yekhanurov tried to lay out his position regarding Tymoshenko and an orange coalition. His bottom line was that he does not play games, a point he stressed several times. Yekhanurov said that he did not think Tymoshenko would be a good prime minister, but if his bloc decided to support her nomination, he would vote for her.

14. (C) In reference to his letter widely circulated in the press in which he criticized Tymoshenko, Yekhanurov said he had never intended the letter for public consumption. He had written it for the President and OU-PSD leadership in order to admonish OU-PSD leaders for what Yekhanurov saw as a poor job handling the negotiations with BYuT. Yekhanurov thought that people like OU leader Kyrylenko were inexperienced and did not know how to handle Tymoshenko. In addition, they were only focused on the distribution of positions, whereas they should be discussing the substance of a future government program. Yekhanurov and his allies were demanding that attention be paid to important questions, issues OU stood for in its campaign -- a land market now, a realistic timeframe for ending conscription, passing the law on joint stock companies that has been languishing in the Rada for years, and taking real steps to fight corruption. Yekhanurov said his task within the party was to make sure an orange coalition did not neglect these issues.

Tymoshenko Will Last A Year at Most

15. (C) The former PM also laid out what he saw as the progression of a Tymoshenko government. This new government would pass a budget quickly and then the political games would start. By March, Tymoshenko will be attacking Defense Minister Hrytsenko for not letting her immediately abolish conscription. Beginning in April, she will increase repayments to people who lost savings from the Soviet Sberbank to about 1 billion UAH a month (\$ 200 million), which she will only be able to sustain for about seven months. Then, by November, she will be out of money and will turn on the President, saying that he is blocking her work, and she will resign. Yekhanurov predicted that Tymoshenko could take as much as 20 percent of OU with her once she left government and began to prepare for the presidential

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elections.

16. (C) Now was the time, Yekhanurov argued, for sober analysis of the September 30 elections. Politicians needed to understand why young people did not vote and pensioners voted in such high numbers that they had influence disproportionate to their percentage of the electorate. He thought that it was important to know why people in the non-Donbas East who did not like Regions chose to stay home rather than vote for BYuT or OU-PSD. Instead, Tymoshenko was running ads and putting up billboards saying that all her campaign promises would be fulfilled.

OU-PSD and Regions Could Be Headed for Splits

17. (C) Yekhanurov said that there were serious problems within OU-PSD and within People's Union Our Ukraine, the core party within the bloc. He predicted that the nine constituent members of OU-PSD, in the end, will decide not to form a single, pro-presidential party, because they all want to remain independent. Within PUOU, there was a struggle between Kyrylenko, representing the national democratic wing, and Baloha, representing the non-ideological pragmatists. Yekhanurov said he has been trying to bring these wings together to have a frank talk, but they refuse to meet or even admit there is a problem. Yekhanurov thought Kyrylenko himself might be part of the 20 percent to join BYuT if Tymoshenko and Yushchenko parted company.

18. (C) Yekhanurov also saw problems within Regions. Dissatisfaction with the party was high, especially in the oblasts that Regions dominated. If the party ended up in the opposition, it could split. Neither Yanukovych nor Regions knew how to surrender. In Yekhanurov's view, they will all look for someone to blame for the election results. This split in Regions could be an opportunity for OU and BYuT to

expand their presence in eastern Ukraine, but they will be too busy eating each other up to care.

Yekhanurov Will Be Active In or Out of the Rada

¶9. (C) As for himself, Yekhanurov shrugged. He said that he would vote for Tymoshenko if his bloc made that decision and if he got support for his policy demands. If he got no concessions, there was a good chance he would not stay in OU-PSD, maybe not in the Rada at all. He would go back to working for small and medium businesses -- he was also working with UNESCO on cultural heritage programs in Dnipropetrovsk and Kyiv, with an eye to expanding into Crimea. He said he is also preparing to start a new lecture series for university students on the impact of politics on Ukraine's investment climate.

Court Continues to Hear Election-Related Case

¶10. (SBU) As of midday on October 24, the High Administrative Court had heard testimony from the five parties that lodged complaints -- the Specialists, Communists, Free Democrats, Progressive Socialists, and the Al-Ukrainian Party of People's Trust. Deputy CEC Chairman Andriy Mahera has also already testified, denying the CEC was inactive or did anything wrong. The Court is also reviewing materials provided by the Interior Ministry showing possible election falsification. Next, the Court will hear testimony from BYuT and OU-PSD as interested third parties. According to the administrative code, the Court should be done with the proceedings five work days after the appeals were filed -- the press has calculated the date to be October 25. However, many worry the Court may take longer to issue a decision, thereby continuing to delay the CEC's promulgation of the official final results.

¶11. (U) Visit Embassy Kyiv's classified website:
www.state.gov.gov/p/eur/kiev.
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